



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB3175

Introduced 2/1/2012, by Sen. John G. Mulroe

SYNOPSIS AS INTRODUCED:

New Act

Creates the Medicaid Billing for Inmate Inpatient Hospital and Professional Services Act. Provides that it is the intent of the General Assembly to reduce the State's correctional healthcare costs by requiring hospitals and other medical service providers to bill Medicaid for eligible inmate inpatient hospital and professional services; implement improper payment detection, prevention, and recovery solutions to reduce correctional healthcare costs by introducing prospective solutions to eliminate overpayments and retrospective solutions to recover those overpayments that have already occurred; cap all contract and non-contract correctional healthcare reimbursement rates at no more than 110% of the federal Medicare reimbursement rate; and embrace technologies to better manage correctional healthcare expenses. In furtherance of these goals, requires the State to implement several technologies and services, including (i) clinical code editing technology; (ii) predictive modeling and analytics technologies; and (iii) claims audit and recovery services. Requires the State to either sign an intergovernmental agreement with another state already receiving these services, contract with The Cooperative Purchasing Network (TCPN) to issue a request for proposals (RFP) when selecting a contractor, or use the specified contractor selection process. Contains provisions concerning contracts, reporting requirements, and savings. Effective immediately.

LRB097 17693 KTG 62906 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT to public aid.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Medicaid Billing for Inmate Inpatient Hospital and
6 Professional Services Act.

7 Section 5. Purpose. It is the intent of the General
8 Assembly to:

9 (1) reduce the State's correctional healthcare costs
10 by requiring hospitals and other medical service providers
11 to bill Medicaid for eligible inmate inpatient hospital and
12 professional services;

13 (2) implement improper payment detection, prevention,
14 and recovery solutions to reduce correctional healthcare
15 costs by introducing prospective solutions to eliminate
16 overpayments and retrospective solutions to recover those
17 overpayments that have already occurred;

18 (3) cap all contract and non-contract correctional
19 healthcare reimbursement rates at no more than 110% of the
20 federal Medicare reimbursement rate; and

21 (4) embrace technologies to better manage correctional
22 healthcare expenses.

1 Section 10. Definition. As used in this Act, unless the
2 context indicates otherwise:

3 "Medicare" means the federal Medicare health insurance
4 program established under Title XVIII of the Social Security
5 Act.

6 Section 15. Application of Act. This Act shall specifically
7 apply to:

8 (1) State correctional healthcare systems and
9 services, unless otherwise provided by law or
10 administrative rule; and

11 (2) State-contracted managed correctional healthcare
12 services, unless otherwise provided by law or
13 administrative rule.

14 Section 20. Caps on contracts and non-contract payments.
15 The State shall cap all contract and non-contract payments to
16 correctional healthcare providers at no more than 110% of the
17 federal Medicare reimbursement rate.

18 Section 25. Electronic submission of claims. To the maximum
19 extent practicable, all non-contract correctional healthcare
20 claims shall be submitted to the State in an electronic format.

21 Section 30. Medicaid billing. Hospitals and other medical
22 service providers shall bill Medicaid for all eligible inmate

1 inpatient hospital and professional services.

2 Section 35. Clinical code editing technology. The State
3 shall implement state-of-the-art clinical code editing
4 technology solutions to further automate claims resolution and
5 enhance cost containment through improved claim accuracy and
6 appropriate code correction. The technology shall identify and
7 prevent errors or potential over-billing based on widely
8 accepted and referenceable protocols such as those adopted by
9 the American Medical Association and the Centers for Medicare
10 and Medicaid Services. The edits shall be applied automatically
11 before claims are adjudicated to speed processing and reduce
12 the number of pending or rejected claims and to help ensure a
13 smoother, more consistent, and more open adjudication process
14 and fewer delays in provider reimbursement.

15 Section 40. Predictive modeling and analytics
16 technologies. The State shall implement state-of-the-art
17 predictive modeling and analytics technologies to provide a
18 more comprehensive and accurate view across all providers,
19 beneficiaries, and geographies within the State's correctional
20 healthcare systems in order to:

21 (1) Assure that hospitals and medical service
22 providers bill Medicaid for all eligible inmate inpatient
23 hospital and professional services.

24 (2) Identify and analyze those billing or utilization

1 patterns that represent a high risk of inappropriate,
2 inaccurate, or erroneous activity.

3 (3) Undertake and automate such analysis before
4 payment is made to minimize disruptions to the workflow and
5 speed claim resolution.

6 (4) Prioritize such identified transactions for
7 additional review before payment is made based on the
8 likelihood of potential inappropriate, inaccurate, or
9 erroneous activity.

10 (5) Capture outcome information from adjudicated
11 claims to allow for refinement and enhancement of the
12 predictive analytics technologies based on historical data
13 and algorithms within the system.

14 (6) Prevent the payment of claims for reimbursement
15 that have been identified as potentially inappropriate,
16 inaccurate, or erroneous until the claims have been
17 automatically verified as valid.

18 (7) Audit and recover improper payments made to
19 providers based upon inappropriate, inaccurate, or
20 erroneous billing or payment activity.

21 Section 45. Claims audit and recovery services. The State
22 shall implement correctional healthcare claims audit and
23 recovery services to identify improper payments due to
24 non-fraudulent issues or audit claims and shall obtain provider
25 sign-off on the audit results and recover validated

1 overpayments. Post-payment reviews shall ensure that the
2 diagnoses and procedure codes are accurate and valid based on
3 the supporting physician documentation within the medical
4 records. Core categories of reviews may include: Coding
5 Compliance Diagnosis Related Group (DRG) Reviews, Transfers,
6 Readmissions, Cost Outlier Reviews, Outpatient 72-Hour Rule
7 Reviews, Payment Errors, Billing Errors, and others.

8 Section 50. Cooperative Purchasing Network.

9 (a) To implement the inappropriate, inaccurate, or
10 erroneous detection, prevention, and recovery solutions in
11 this Act, the State shall either sign an intergovernmental
12 agreement with another state already receiving these services,
13 contract with The Cooperative Purchasing Network (TCPN) to
14 issue a request for proposals (RFP) when selecting a
15 contractor, or use the contractor selection process set forth
16 in subsections (b) through (f).

17 (b) Not later than December 31, 2012, the State shall issue
18 a request for information (RFI) to seek input from potential
19 contractors on capabilities and cost structures associated
20 with the scope of work under this Act. The results of the RFI
21 shall be used by the State to create a formal RFP to be issued
22 within 90 days after the closing date of the RFI.

23 (c) No later than 90 days after the closing date of the
24 RFI, the State shall issue a formal RFP to carry out this Act
25 during the first year of implementation. To the extent

1 appropriate, the State may include subsequent implementation
2 years and may issue additional RFPs with respect to subsequent
3 implementation years.

4 (d) The State shall select contractors to carry out this
5 Act using competitive procedures as set forth under the
6 Illinois Procurement Code.

7 (e) The State shall enter into a contract under this Act
8 with an entity only if the entity:

9 (1) can demonstrate appropriate technical, analytical,
10 and clinical knowledge and experience to carry out the
11 functions included in this Act; or

12 (2) has a contract, or will enter into a contract, with
13 another entity that meets the criteria set forth in
14 paragraph (1).

15 (f) The State shall enter into a contract under this Act
16 with an entity only to the extent the entity complies with
17 conflict-of-interest standards as provided under the Illinois
18 Procurement Code.

19 Section 55. Contracts. The State shall provide entities
20 with a contract under this Act with appropriate access to
21 claims and other data necessary for the entity to carry out the
22 functions included in this Act. This includes, but is not
23 limited to: providing current and historical correctional
24 healthcare claims and provider database information; and
25 taking necessary regulatory action to facilitate appropriate

1 public-private data sharing, including across multiple
2 correctional managed care entities.

3 Section 60. Reports.

4 (a) The Department of Healthcare and Family Services, in
5 cooperation with the Department of Corrections and any other
6 appropriate State agency, shall complete reports as set forth
7 in subsections (b) through (d).

8 (b) Not later than 3 months after the completion of the
9 first implementation year under this Act, the State shall
10 submit to the appropriate committees of the General Assembly
11 and make available to the public a report that includes the
12 following:

13 (1) A description of the implementation and use of
14 technologies included in this Act during the year.

15 (2) A certification by the Department of Healthcare and
16 Family Services, in cooperation with the Department of
17 Corrections and any other appropriate State agency, that
18 specifies the actual and projected savings to the State's
19 correctional healthcare systems as a result of the use of
20 these technologies, including estimates of the amounts of
21 such savings with respect to both improper payments
22 recovered and improper payments avoided.

23 (3) The actual and projected savings to the State's
24 correctional healthcare systems as a result of the use of
25 these technologies relative to the return on investment for

1 the use of these technologies and in comparison to other
2 strategies or technologies used to prevent and detect
3 inappropriate, inaccurate, or erroneous activity.

4 (4) Any modifications or refinements that should be
5 made to increase the amount of actual or projected savings
6 or mitigate any adverse impact on correctional healthcare
7 beneficiaries or providers.

8 (5) An analysis of the extent to which the use of these
9 technologies successfully prevented and detected
10 inappropriate, inaccurate, or erroneous activity under the
11 State's correctional healthcare systems.

12 (6) A review of whether the technologies affected
13 access to, or the quality of, items and services furnished
14 to State correctional healthcare beneficiaries.

15 (7) A review of what effect, if any, the use of these
16 technologies had on correctional healthcare providers,
17 including assessment of provider education efforts and
18 documentation of processes for providers to review and
19 correct problems that are identified.

20 (c) Not later than 3 months after the completion of the
21 second implementation year under this Act, the State shall
22 submit to the appropriate committees of the General Assembly,
23 and make available to the public, a report that includes, with
24 respect to such year, the items required under subsection (b)
25 as well as any other additional items determined appropriate
26 with respect to the report for such year.

1 (d) Not later than 3 months after the completion of the
2 third implementation year under this Act, the State shall
3 submit to the appropriate committees of the General Assembly,
4 and make available to the public, a report that includes, with
5 respect to such year, the items required under subsection (b)
6 as well as any other additional items determined appropriate
7 with respect to the report for such year.

8 Section 65. Savings. It is the intent of the General
9 Assembly that the savings achieved through this Act shall more
10 than cover the costs of implementation. Therefore, to the
11 extent possible, technology services used in carrying out this
12 Act shall be secured using a shared-savings model, whereby the
13 State's only direct cost will be a percentage of actual savings
14 achieved. Further, to enable this model, a percentage of
15 achieved savings may be used to fund expenditures under this
16 Act.

17 Section 70. Severability. If any provision of this Act or
18 its application to any person or circumstance is held invalid,
19 the invalidity of that provision or application does not affect
20 other provisions or applications of this Act that can be given
21 effect without the invalid provision or application.

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.